

# **State of Alaska FY2010 Governor's Operating Budget**

## **Department of Transportation/Public Facilities Ted Stevens Anchorage International Airport Results Delivery Unit Budget Summary**

## Ted Stevens Anchorage International Airport Results Delivery Unit

### Contribution to Department's Mission

The mission of the Ted Stevens Anchorage International Airport (ANC) is to safely, effectively, and efficiently operate and maintain the airport consistent with federal regulatory requirements, high customer service standards, sensitivity to user needs, and awareness of community goals.

### Core Services

- Airport police and fire protection.
- Airfield and equipment maintenance.
- Land and airside operational monitoring, health and safety, security and control operations.
- Facilities maintenance.
- Airport administration, marketing, development, environmental, leasing, information systems, engineering, planning, noise program, and public relations.

End Result	Strategies to Achieve End Result
<p><b>A: Safe operations on the airports.</b></p> <p><u>Target #1:</u> Reduce the rate of public injuries and incidents per enplaned passenger.</p> <p><u>Status #1:</u> The rate of public injuries and incidents decreased from 1.7 in FY2007 to 1.2% in FY2008.</p> <p><u>Target #2:</u> Reduce the number of occupational injuries and illnesses to less than the national average.</p> <p><u>Status #2:</u> The incidence rate of occupational injuries and illnesses decreased from 6.7% in 2006 to 5.1% in 2007, but remained below the national average of 6.7%.</p> <p><u>Target #3:</u> Reduce employee lost time to zero.</p> <p><u>Status #3:</u> In 2007 the number of days of employee lost time due to work-related injuries decreased to 106 from 261 in 2006.</p> <p><u>Target #4:</u> Reduce property damage to zero.</p> <p><u>Status #4:</u> The amount of property damages increased to \$71,100 in FY2008, an increase of 62.4% over the prior year.</p>	<p><b>A1: Maximize the safety and security of the traveling public.</b></p> <p><u>Target #1:</u> 100% compliance with American with Disabilities (ADA) requirements.</p> <p><u>Status #1:</u> For the 4th year in a row the airport met all ADA compliance requirements.</p> <p><u>Target #2:</u> Maintain roads and sidewalks so they are accident/incident free.</p> <p><u>Status #2:</u> The number of accidents/incidents on airport maintained roads and sidewalks decreased from 9 in FY2007 to 7 in FY2008.</p> <p><u>Target #3:</u> Reduce complaints regarding signage.</p> <p><u>Status #3:</u> The number of complaints regarding signage decreased from 10 in FY2007 to 8 in FY2008.</p> <p><u>Target #4:</u> Maintain adequate runway conditions to avoid airport closure.</p> <p><u>Status #4:</u> For the 3rd year in a row the Anchorage Airport had no closures due to acts of nature.</p> <p><u>Target #5:</u> Provide adequate law enforcement officer/medical emergency response within federal requirements.</p> <p><u>Status #5:</u> For the 4th year in a row the airport law enforcement officer/medical emergency response time averaged less than 2 minutes per incident, which is well within the goal of 10 minutes.</p> <p><b>A2: Improve compliance with applicable safety codes.</b></p>

	<p><b>Target #1:</b> Receive zero violations related to state and federal safety codes.</p> <p><b>Status #1:</b> The airport received 0 safety related Notice of Violation in FY2008 which was a decrease of 1 over FY2007.</p>
End Result	Strategies to Achieve End Result
<p><b>B: Customer satisfaction.</b></p> <p><b>Target #1:</b> Reduce the number of negative comment cards from any airport customer or tenant regarding the airport facilities, operations and/or environment.</p> <p><b>Status #1:</b> The number of negative comment cards decreased from 57 in FY2007 to 48 in FY2008.</p> <p><b>Target #2:</b> 90% of concessionaires and airlines participating in an airport-wide program to enhance customer satisfaction.</p> <p><b>Status #2:</b> In FY2007 there was 53% of all concessionaires and airlines participating in airport-wide programs to enhance customer satisfaction, the percentage increased to 66% in FY2008.</p> <p><b>Target #3:</b> Resolve at least 90% of all problem work order requests.</p> <p><b>Status #3:</b> In FY2008, 98.2% of all problem work orders were resolved.</p>	<p><b>B1: Improve maintenance activities so facilities are clean, well kept and stocked.</b></p> <p><b>Target #1:</b> Respond to all requests within 3 business days.</p> <p><b>Status #1:</b> For the 5th year in a row the airport staff responded to maintenance requests within an average of 1 day, which is well within the 3-day goal.</p> <p><b>B2: Minimize negative airport impact.</b></p> <p><b>Target #1:</b> Minimize noise impact on surrounding communities through the use of preferential runways for at least 75% of the night operations at the airport.</p> <p><b>Status #1:</b> The airport used preferential runways at least 75% of the time in FY2008 to minimize noise impact on the surrounding communities during night operations.</p>
End Result	Strategies to Achieve End Result
<p><b>C: Optimize revenue.</b></p> <p><b>Target #1:</b> Increase concession revenue by 1% per year.</p> <p><b>Status #1:</b> In FY2008 the Anchorage Airport increased concessionaire revenues by 3.1%.</p> <p><b>Target #2:</b> Keep constant or decrease personnel costs per 1,000 pounds of take-off weight.</p> <p><b>Status #2:</b> Personnel costs per 1,000 pounds of take-off weight increased from \$815 in FY2007 to \$921 in FY2008.</p>	<p><b>C1: Opportunities for multiple revenue sources.</b></p> <p><b>Target #1:</b> Secure major development (&gt;\$10 million in total anticipated capital investment) every 10 years.</p> <p><b>Status #1:</b> Since 2004 there have been enough building permits issued that would indicate the airport will meet this target well before 2014.</p>
End Result	Strategies to Achieve End Result
<p><b>D: Regulatory compliance at all levels.</b></p> <p><b>Target #1:</b> Pass annual FAA (Federal Aviation Administration) Airport Certification Part 139 inspections.</p> <p><b>Status #1:</b> The Anchorage International Airport (ANC) passed the FAA Airport Certification Part 139 inspections for the past five years.</p>	<p><b>D1: Improve environmental conditions at the airport.</b></p> <p><b>Target #1:</b> Zero environmental Notices of Violation (NOVs).</p> <p><b>Status #1:</b> For the sixth year in a row the Anchorage Airport had no NOVs for environmental issues.</p>
End Result	Strategies to Achieve End Result
<p><b>E: Economic development.</b></p>	<p><b>E1: Improve marketing efforts for private sector</b></p>

<p><b>Target #1:</b> 2% increase in private investment at the airports per year.</p> <p><b>Status #1:</b> Private investment increased by 16% in FY2008 over FY2007.</p> <p><b>Target #2:</b> Increase international cargo aircraft landed weight by 1% per year.</p> <p><b>Status #2:</b> In FY2008 international cargo aircraft landed weight decreased by 6.31% over the prior year.</p>	<p><b>development.</b></p> <p><b>Target #1:</b> Increase private sector contracts by 2% per year.</p> <p><b>Status #1:</b> The number of private sector contracts increased in FY2008 by 7.6% to a total of 384 contracts.</p>
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### Major Activities to Advance Strategies

- Provide police and fire protection
- Comply with Federal Aviation Administration (FAA) safety directives including snow/ice removal
- Maintain airfield lighting and signage
- Maintain clear and safe access around the terminal
- Aggressively promote ANC in national and international passenger and cargo carrier markets
- Maintain airfield equipment
- Develop plans for future airport development
- Keep the terminal facilities clean and appealing through excellent janitorial services
- Monitor the land and airside operations

### FY2010 Resources Allocated to Achieve Results

<b>FY2010 Results Delivery Unit Budget: \$56,080,800</b>	<b>Personnel:</b>	
	Full time	372
	Part time	25
	<b>Total</b>	<b>397</b>

## Performance

### A: Result - Safe operations on the airports.

**Target #1:** Reduce the rate of public injuries and incidents per enplaned passenger.

**Status #1:** The rate of public injuries and incidents decreased from 1.7 in FY2007 to 1.2% in FY2008.

#### Total number and rate of public injuries and incidents per 100,000 enplaned passengers.

Fiscal Year	Total #	Rate	Total Enplaned Passenger
FY 2008	30	1.2%	2,562,276
FY 2007	41	1.7%	2,429,480
FY 2006	87	3.6%	2,408,171
FY 2005	45	1.9%	2,392,920
FY 2004	58	2.6%	2,250,680

*Methodology: Data is reported on a fiscal year basis.*

**Analysis of results and challenges:** Safety and security of the traveling public is the number one priority at the airport. Through investigations incident causes and locations are determined and corrective action is taken. Also, prevention maintenance such as sanding/salting roads and walkways is a constant winter activity at the airport. Injuries are reported through dispatch operations, and figures include incidents where someone files a claim.

**Target #2:** Reduce the number of occupational injuries and illnesses to less than the national average.

**Status #2:** The incidence rate of occupational injuries and illnesses decreased from 6.7% in 2006 to 5.1% in 2007, but remained below the national average of 6.7%.

**Incidence rate (number of injuries and illnesses x 200,000/total hours worked per period).**

Year	YTD Total	Nat'l Average
2007	5.1%	6.7%
2006	6.7%	10.5%
2005	3.3%	11%
2004	6.7%	10.1%

*Methodology: This measure is reported on a calendar year basis.*

**Analysis of results and challenges:** The airport has written site-specific programs for facilities, operations, field maintenance and police/fire. Safety meetings are conducted weekly to review the safety manual, safety issues, preventive maintenance, etc. Monthly, on average, the Safety and Health Program Coordinator e-mails Safety Reminders to all employees. These reminders include subjects such as ladder safety, seasonal celebration safety, chain saw safety, aerial lift safety, etc.

This is measured annually (calendar year basis) from Occupational Safety and Health Administration (OSHA) 300 logs and compared to most recent National Average for Air Transportation from the U.S. Department of Labor Bureau of Labor Statistics.

**Target #3:** Reduce employee lost time to zero.

**Status #3:** In 2007 the number of days of employee lost time due to work-related injuries decreased to 106 from 261 in 2006.



*Methodology: Measured annually (calendar year basis) from OSHA 300 logs (# days away from work).*

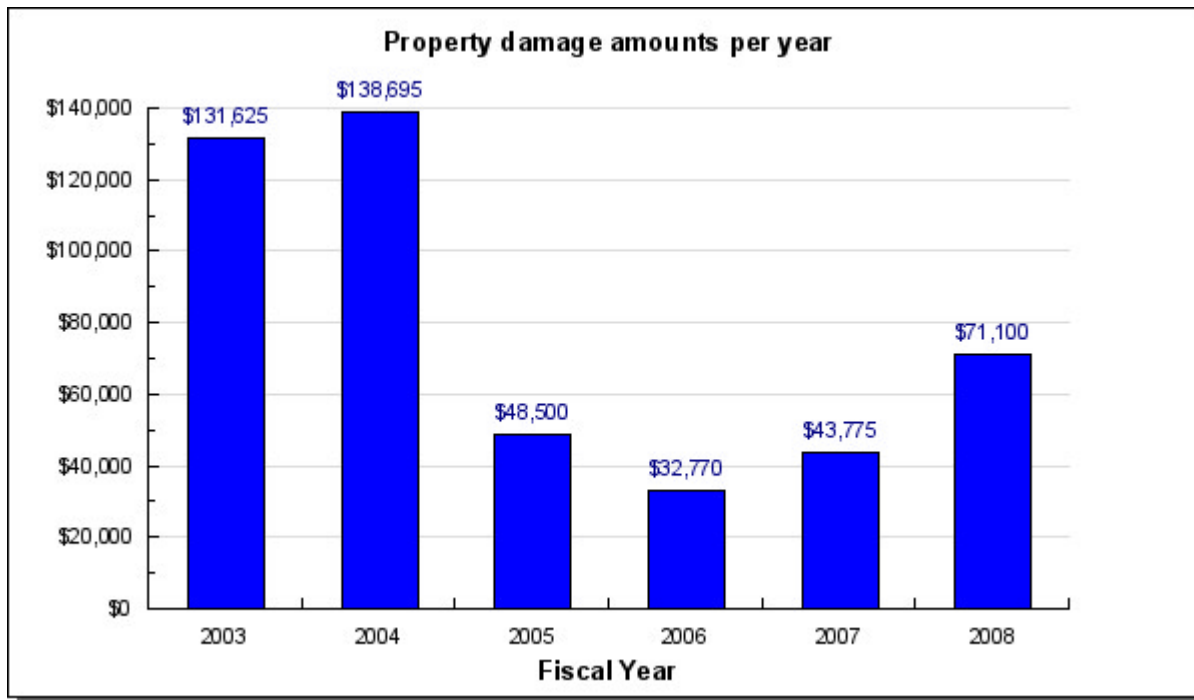
**Number of hours of employee lost time due to work-related injuries**

Year	YTD Total
2007	106 -59.39%
2006	261 -45.96%
2005	483 +312.82%
2004	117 -71.32%
2003	408

**Analysis of results and challenges:** Statistics are kept showing recordable injuries and then these injuries are broken down into causes (slip/fall, struck by/against, caught in/under/between, cut/scrape, strain, heat/cold, motor vehicle, and illness). To assist the employee, the airport tries to locate jobs the injured worker can perform (i.e., assisting the Safety Officer, data entry, parts ordering, etc.). To increase employee awareness and behavior regarding work related injuries, safety emails are sent to all employees on a regular basis (monthly); and, sections hold bi-weekly safety meetings. Also, a 10 hour work safety class is being offered by the Safety & Health Program Coordinator. Section managers will be requested to schedule this training.

**Target #4:** Reduce property damage to zero.

**Status #4:** The amount of property damages increased to \$71,100 in FY2008, an increase of 62.4% over the prior year.



**Property damage amounts per year**

Fiscal Year	YTD Total	% change
FY 2008	\$71,100	62.4%
FY 2007	\$43,775	33.6%
FY 2006	\$32,770	-32.4%
FY 2005	\$48,500	-65%
FY 2004	\$138,695	+5.4%
FY 2003	\$131,625	

**Analysis of results and challenges:** All damage of property includes vehicles, fences, and building damage reported to Airport Police. The information is collected from the airport police logs based on calls for service. The amounts reflected are for damages to state property, but not all of the incidents are the responsibility of the state to repair/replace. For example, a driver hits a portion of the perimeter fence; the driver is responsible for the repair cost of the fence. To prevent property damages, officers patrol the terminals and roadways to find hazards that could promulgate damage to state property. For example, calling for sand on slick roadways to avoid vehicles hitting the fence.

Total for FY03 \$131,625, 59 incidents at average cost of \$2,231.  
 Total for FY04 \$138,695, 40 incidents at average cost of \$3,467.  
 Total for FY05 \$48,500, 52 incidents at average cost of \$932.  
 Total for FY06 \$32,770, 50 incidents at average cost of \$655.  
 Total for FY07 \$43,775, 69 incidents at average cost of \$634.  
 Total for FY08 \$71,100, 41 incidents at average cost of \$1,734.

**A1: Strategy - Maximize the safety and security of the traveling public.**

**Target #1:** 100% compliance with American with Disabilities (ADA) requirements.

**Status #1:** For the 4th year in a row the airport met all ADA compliance requirements.

**Percent of airport facilities in compliance with ADA.**

Fiscal Year	Percent
FY 2008	100%
FY 2007	100%
FY 2006	100%
FY 2005	100%
FY 2004	75%

**Analysis of results and challenges:** In FY08, two ADA issues were resolved; one public restroom in lower Concourse A was brought to ADA compliance and airline gate C9 in Concourse C public door was automated for accessibility.

The Americans with Disabilities Act of 1990 requires access to buildings and facilities by individuals with disabilities. These scoping and technical requirements must be applied during the design, construction, and alteration of buildings and facilities that serve the general public. In FY07, the North and South Terminal restroom renovation was completed on boarding levels and South Terminal road grade and curbs were modified to increase ADA accommodations.

**Target #2:** Maintain roads and sidewalks so they are accident/incident free.

**Status #2:** The number of accidents/incidents on airport maintained roads and sidewalks decreased from 9 in FY2007 to 7 in FY2008.

**Number of accidents/incidents on airport maintained roads and sidewalks.**

Fiscal Year	YTD Total
FY 2008	7 -22.22%
FY 2007	9 -40%
FY 2006	15 -74.14%
FY 2005	58 +41.46%
FY 2004	41

Methodology: This measure is reported on a fiscal year basis.

**Analysis of results and challenges:** This measures how well we keep roads and sidewalks free of ice and snow. Data is gathered based on claims and police reports. Speed limits will be enforced and concrete areas will be sanded/salted to help prevent incidents.

**Target #3:** Reduce complaints regarding signage.

**Status #3:** The number of complaints regarding signage decreased from 10 in FY2007 to 8 in FY2008.

**Number of complaints regarding signage**

Fiscal Year	YTD Total
FY 2008	8 -20%
FY 2007	10 +100%
FY 2006	5 +25%
FY 2005	4 -78.95%
FY 2004	19

Methodology: Measure is reported on a fiscal year basis.

**Analysis of results and challenges:** Signage includes outside and inside the terminals. Walk arounds to check signage are done by facilities staff, the sign shop, leasing staff, as well as by the airport manager. Customer suggestion boxes, which are a mechanism to register a complaint or suggestion, are throughout the terminals, at the shuttle bus stops, or a customer can call Operations or Safety. Comment cards from the customer suggestion boxes are tracked by the public relations staff and deputy director. When applicable, responses are sent to the customer. All customer comments are considered and reasonable changes regarding signage are made.

**Target #4:** Maintain adequate runway conditions to avoid airport closure.

**Status #4:** For the 3rd year in a row the Anchorage Airport had no closures due to acts of nature.

**Number of hours the airport is closed due to acts of nature**

Year	Total
2007	0
2006	0
2005	0
2004	0
2003	10

Methodology: This measure is reported on a fiscal year basis.

**Analysis of results and challenges:** In 2003 the control tower had to be evacuated due to high winds and the airport was closed for 10 hours. During such a closure, aircraft are diverted to Fairbanks or they stay where they are until we re-open. The airport has won the International Balchen Post Award (large airport category) for Best Snow and Ice Control Teams six out of the last eleven years and three years Honorable Mention. The airport's goal



is to allow no more than 12 hours of complete runway closure per year.

**Target #5:** Provide adequate law enforcement officer/medical emergency response within federal requirements.

**Status #5:** For the 4th year in a row the airport law enforcement officer/medical emergency response time averaged less than 2 minutes per incident, which is well within the goal of 10 minutes.

**Average law enforcement officer/medical emergency response time**

Fiscal Year	Total
FY 2008	Less than 2 minutes
FY 2007	Less than 2 minutes
FY 2006	Less than 2 minutes
FY 2005	Less than 2 minutes
FY 2004	Less than 2 minutes

**Analysis of results and challenges:** Airport Police and Fire officers responded to 429 calls for medical assistance in FY08. There are four police officers and one mobile fire/medical response unit available on a 24/7 basis. Federal Acquisition Regulation (FAR) Part 139 requires officers on duty to be qualified as an Emergency Trauma Technician, Transportation Security Regulation (TSR) Part 1542 requires officers to provide basic first aid. Airport terminals have first aid kits and Automated External Defibrillators (AEDs) in various, strategic locations throughout the terminals to facilitate a more rapid response for medical assistance.

The airport's goal is maintain an average response time of ten minutes or less.

**A2: Strategy - Improve compliance with applicable safety codes.**

**Target #1:** Receive zero violations related to state and federal safety codes.

**Status #1:** The airport received 0 safety related Notice of Violation in FY2008 which was a decrease of 1 over FY2007.

**Number of safety related Notice of Violations (NOVs)**

Fiscal Year	Total
FY 2008	0
FY 2007	1
FY 2006	0
FY 2005	0
FY 2004	1

**Analysis of results and challenges:** Measured on a fiscal year basis. This target addresses compliance with building, electrical, fire and other applicable safety codes. Airport Facilities received one safety violation in FY2004 regarding failure to have adequate documentation regarding training performed in response to an employee complaint and subsequent inspection. The violation was resolved and training shown to actually have had occurred as required. Airport Facilities received one state safety violation in FY2007 regarding missing machine guards on the old bag belt system. The violation was resolved and guards have been installed.

**B: Result - Customer satisfaction.**

**Target #1:** Reduce the number of negative comment cards from any airport customer or tenant regarding the airport facilities, operations and/or environment.

**Status #1:** The number of negative comment cards decreased from 57 in FY2007 to 48 in FY2008.

**Number of negative comment cards regarding airport facilities, operations and/or environment including tenants**

Fiscal Year	Total
FY 2008	48 -15.79%
FY 2007	57
FY 2006	n/a

**Analysis of results and challenges:** Customer suggestion boxes are throughout the terminals, at the shuttle bus stops, or a customer can call Operations or Safety for a card. These are easily available for tenants, flight crew, concessionaires, as well as the passengers. To improve services, the airport will pay more attention to temperature, cleanliness, appearance in the terminals.

**Target #2:** 90% of concessionaires and airlines participating in an airport-wide program to enhance customer satisfaction.

**Status #2:** In FY2007 there was 53% of all concessionaires and airlines participating in airport-wide programs to enhance customer satisfaction, the percentage increased to 66% in FY2008.

**Percent of concessionaires and airlines participating in airport-wide programs to enhance customer satisfaction**

Fiscal Year	Percent
FY 2008	66%
FY 2007	53%
FY 2006	90%
FY 2005	35%

*Methodology: Measured on a fiscal year basis.*

**Analysis of results and challenges:** It takes but one experience at the airport to spoil a visitor's whole day. Excellent service from entry to exit, on the other hand, wins repeat customers. The current program to measure is the Airport Mystery Shopper Program. The program was started in FY2005 and fully implemented by FY2006 (reflecting a large increase in participation from FY2005 to FY2006). In FY2007, out of a possible 32, there were 17 participants; in FY2008 out of 32 possible there were 21 participants, an increase of 4.

**Target #3:** Resolve at least 90% of all problem work order requests.

**Status #3:** In FY2008, 98.2% of all problem work orders were resolved.

**Number of Work Orders**

Fiscal Year	Opened	Closed	% Resolved
FY 2008	511	502	98.2%

**Analysis of results and challenges:** This performance measure was added in FY2008. The Information Technology requirements have increased airport wide. Challenges exist not only budgetarily but also in meeting all the user and project needs. Often, problem work order requests will require updated software, maintenance and/or new equipment. Work orders are generated by tenants of the airport, airlines, passengers, and/or other airport sections. Examples of work order requests include problems with the Multi-User Flight Information Displays System (MUFIDS) - airlines schedule display, wireless connections inside the airport and printer connections.

**B1: Strategy - Improve maintenance activities so facilities are clean, well kept and stocked.**

**Target #1:** Respond to all requests within 3 business days.

**Status #1:** For the 5th year in a row the airport staff responded to maintenance requests within an average of 1 day, which is well within the 3-day goal.

**Average number of days taken to respond to maintenance requests.**

Fiscal Year	Total
FY 2008	1
FY 2007	1
FY 2006	1
FY 2005	1
FY 2004	1
FY 2003	0

**Analysis of results and challenges:** The Anchorage International Airport (ANC) is a 24-hour a day, 7 days a week operation and must be able to respond to inquiries as soon as possible. We have over 5 million passengers/customers go through our facilities each year that expect a good level of service. Data is collected from the Help Line Log at ANC. Normal response time is within 24 to 72 hours.

**B2: Strategy - Minimize negative airport impact.**

**Target #1:** Minimize noise impact on surrounding communities through the use of preferential runways for at least 75% of the night operations at the airport.

**Status #1:** The airport used preferential runways at least 75% of the time in FY2008 to minimize noise impact on the surrounding communities during night operations.

**Percent of departures using preferential runways**

Fiscal Year	Total
FY 2008	77%
FY 2007	73%
FY 2006	75%
FY 2005	75%
FY 2004	100%

*Methodology: Reported on a fiscal year basis.*

**Analysis of results and challenges:** A preferential runway is the runway that when used, would have the least noise impact on the surrounding communities. The majority of noise complaints are during the night operations. Notification is given through newspaper notices and/or nearby community mailing lists when a preferential runway cannot be used, such as for scheduled construction. Issues such as unanticipated weather changes could cause a change from a preferential runway without notice. This is reported on a fiscal year basis. Information comes from the daily operations shift summaries. For FY2008, out of approximately 200,000 take offs in the year, only two times was a non-preferential runway not used.

**C: Result - Optimize revenue.**

**Target #1:** Increase concession revenue by 1% per year.

**Status #1:** In FY2008 the Anchorage Airport increased concessionaire revenues by 3.1%.

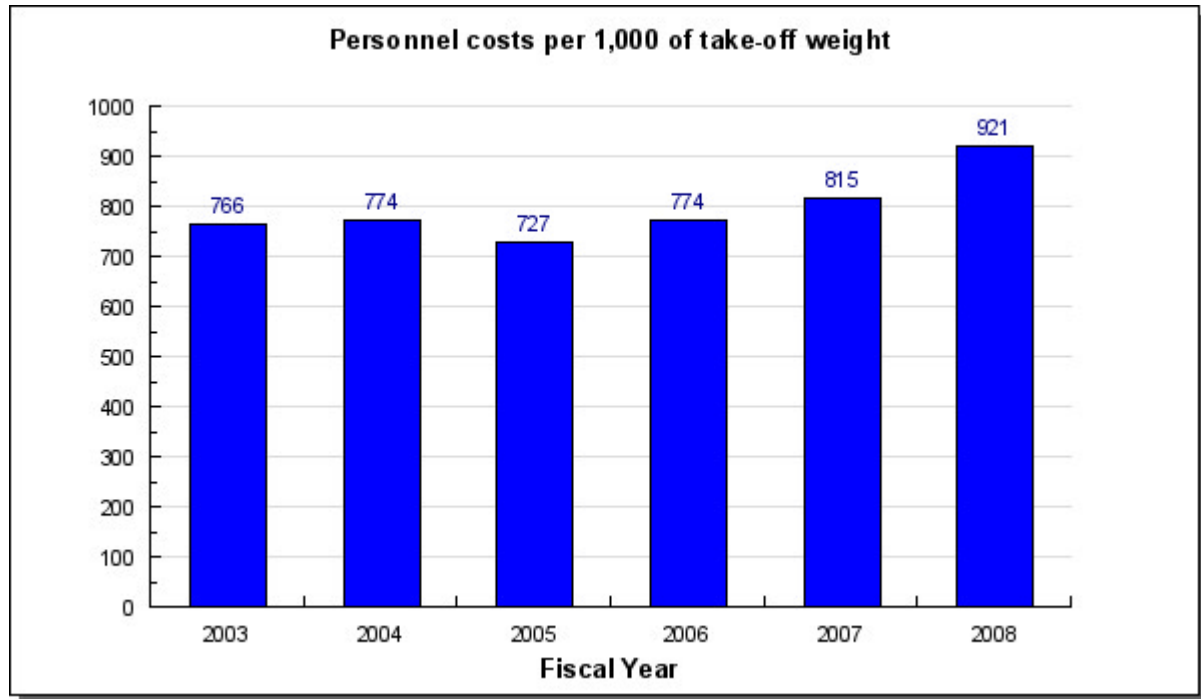
**Percent change in concession revenue**

Fiscal Year	Concession Revenue Total	% Change in Revenue
FY 2008	8,588,200	3.1%
FY 2007	8,332,200	17.2%
FY 2006	7,109,700	-23%
FY 2005	9,236,700	31.8%
FY 2004	7,006,500	-10%
FY 2003	7,775,700	

**Analysis of results and challenges:** Increased concession revenue allows other airport fees (terminal rent and landing fees) to remain low enough to continue to make the airport attractive to air carriers. The dramatic changes from 2005 to 2006 reflect an accounting transaction error when revenue was allocated to a specific fiscal year. Specifically, the decrease in revenue is a result of a dramatic drop in declining international passengers (due to Severe Acute Respiratory Syndrome [SARS], war and the economy). The airport continues to generate additional concession revenue in the South Terminal; however the decline in international passengers (thus the drop in duty free concessionaire revenue) is difficult to overcome with the modest increases in the South Terminal revenues.

**Target #2:** Keep constant or decrease personnel costs per 1,000 pounds of take-off weight.

**Status #2:** Personnel costs per 1,000 pounds of take-off weight increased from \$815 in FY2007 to \$921 in FY2008.



*Methodology: Measure is calculated on a fiscal year basis.*

**Personnel costs per 1,000 of take-off weight**

Fiscal Year	YTD Total
FY 2008	921 +13.01%
FY 2007	815 +5.3%
FY 2006	774 +6.46%
FY 2005	727 -6.07%
FY 2004	774 +1.04%
FY 2003	766

**Analysis of results and challenges:** While the number of passengers and operations are expected to increase each year, a more accurate measurement of the efficiency of the airport staff is the cost of operating the airport per 1,000 pounds of Certified Maximum Gross Takeoff Weight (passenger and cargo).

**C1: Strategy - Opportunities for multiple revenue sources.**

**Target #1:** Secure major development (>\$10 million in total anticipated capital investment) every 10 years.

**Status #1:** Since 2004 there have been enough building permits issued that would indicate the airport will meet this target well before 2014.

**Cumulative investment dollars since 1994**

Year	Total
2004	\$193,892,735

**Analysis of results and challenges:** Each calendar year, the last 10 years of private construction investments are totaled and compared to our target of \$10 million. The investment information is based on Anchorage International Airport (ANC) building permits. Private investment in permanent facilities at ANC represents a key factor in the city's and state's economic development. Market driven private investment in construction dollars, maintenance and operations, and net increases in jobs from construction and operations is a quantitative measure of economic growth or decline. New private cargo hardstands are being built to meet anticipated growth in flight activity. Flight activity in turn generates landing fees, fuel flowage fees and other airport revenues. In 2006-2007 two express cargo carriers each built a major ground service equipment maintenance facility costing over \$5 million each, totaling approximately \$10 million. A corporate/general aviation facility costing approximately \$4 million is under construction and a second of approximately the same cost was permitted for construction.

**D: Result - Regulatory compliance at all levels.**

**Target #1:** Pass annual FAA (Federal Aviation Administration) Airport Certification Part 139 inspections.

**Status #1:** The Anchorage International Airport (ANC) passed the FAA Airport Certification Part 139 inspections for the past five years.

**Outcome of Part 139 inspections**

Year	YTD Total
2007	Pass
2006	Pass
2005	Pass
2004	Pass
2003	Pass

*Methodology: Measured on a calendar year basis.*

**Analysis of results and challenges:** As federally assisted airports, we must comply with all operational and airfield requirements of FAA. We must pass an annual certification inspection. Typically, there can be minor discrepancies discovered during certification inspections that do not affect the passing results. ANC has passed each year to date, with no major discrepancies, and any minor discrepancies were resolved.

**D1: Strategy - Improve environmental conditions at the airport.**

**Target #1:** Zero environmental Notices of Violation (NOVs).

**Status #1:** For the sixth year in a row the Anchorage Airport had no NOVs for environmental issues.

**Number of environmental Notice of Violations**

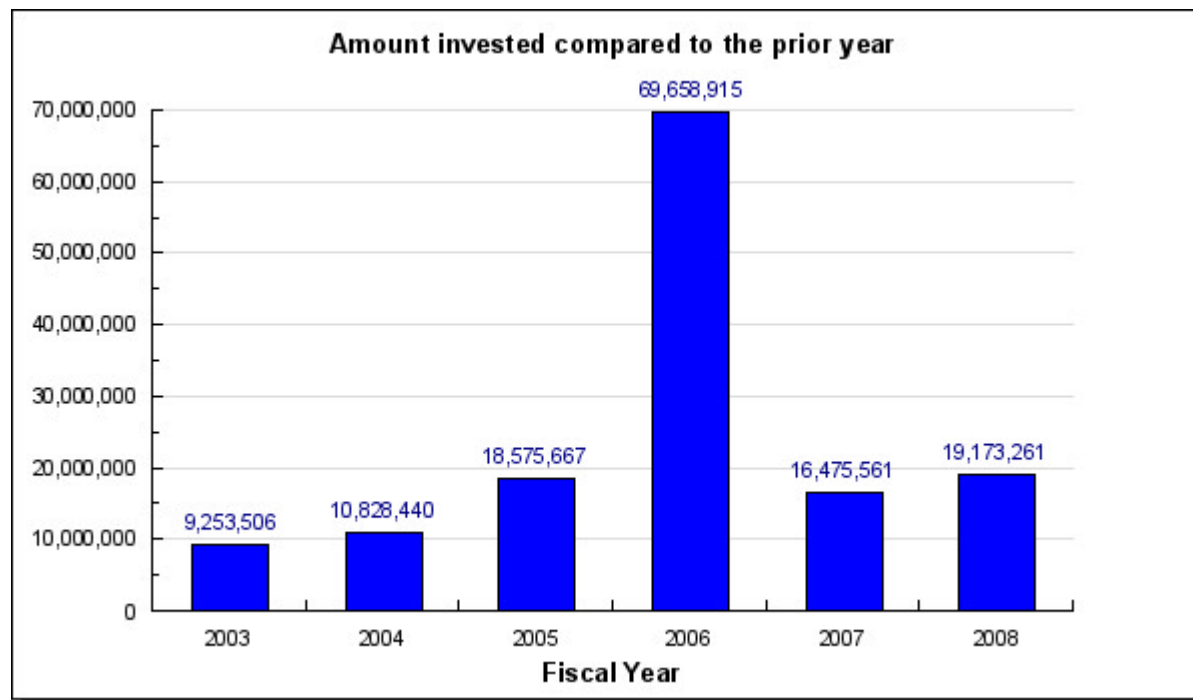
Fiscal Year	Number
FY 2008	0
FY 2007	0
FY 2006	0
FY 2005	0
FY 2004	0
FY 2003	0

**Analysis of results and challenges:** Anchorage International Airport must comply with all environmental regulations, including activities, property and facilities managed by the airport.

**E: Result - Economic development.**

**Target #1:** 2% increase in private investment at the airports per year.

**Status #1:** Private investment increased by 16% in FY2008 over FY2007.



*Methodology: Measured annually from the dollar amount of permanent improvements to leaseholds as requested on airport tenant improvement building permits.*

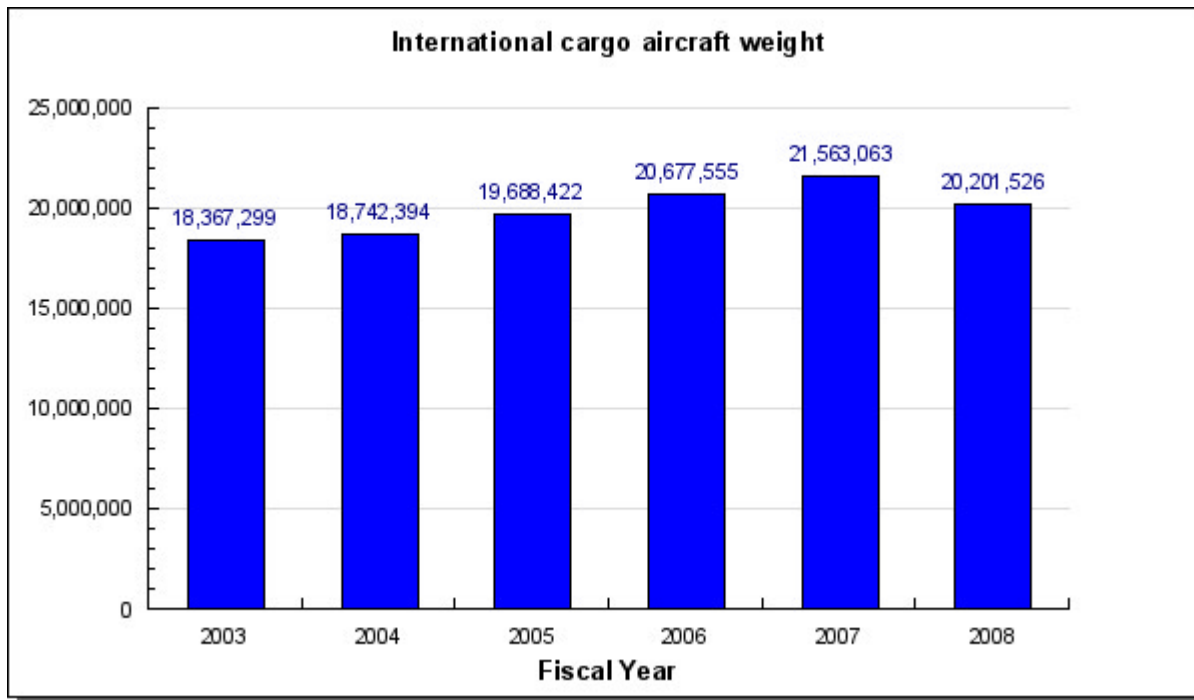
**Amount invested compared to the prior year**

Fiscal Year	YTD Total
FY 2008	19,173,261 +16.37%
FY 2007	16,475,561 -76.35%
FY 2006	69,658,915 +275%
FY 2005	18,575,667 +71.55%
FY 2004	10,828,440 +17.02%
FY 2003	9,253,506

**Analysis of results and challenges:** Buildings are being constructed such as new cargo facilities, remodeling passenger hangars to upgrade and/or accommodate aircraft requirements, adding aircraft fueling facilities, etc. This aviation development reflects support of statewide business activity and in some cases response to national and international aviation business. To bring in more private investment, the airport is in constant contact with airlines, third party developers, support businesses, organizations such as Airports Council International (ACI) and its sister organizations, the International Air Cargo Association (TIACA), and Alaska Economic Development Corporation (AEDC), Anchorage Air Cargo Association and local Chambers of Commerce. The large increase from 2005 to 2006 reflects the Rental Car Garage Facility at \$65M increase alone.

**Target #2:** Increase international cargo aircraft landed weight by 1% per year.

**Status #2:** In FY2008 international cargo aircraft landed weight decreased by 6.31% over the prior year.



**International cargo aircraft weight**

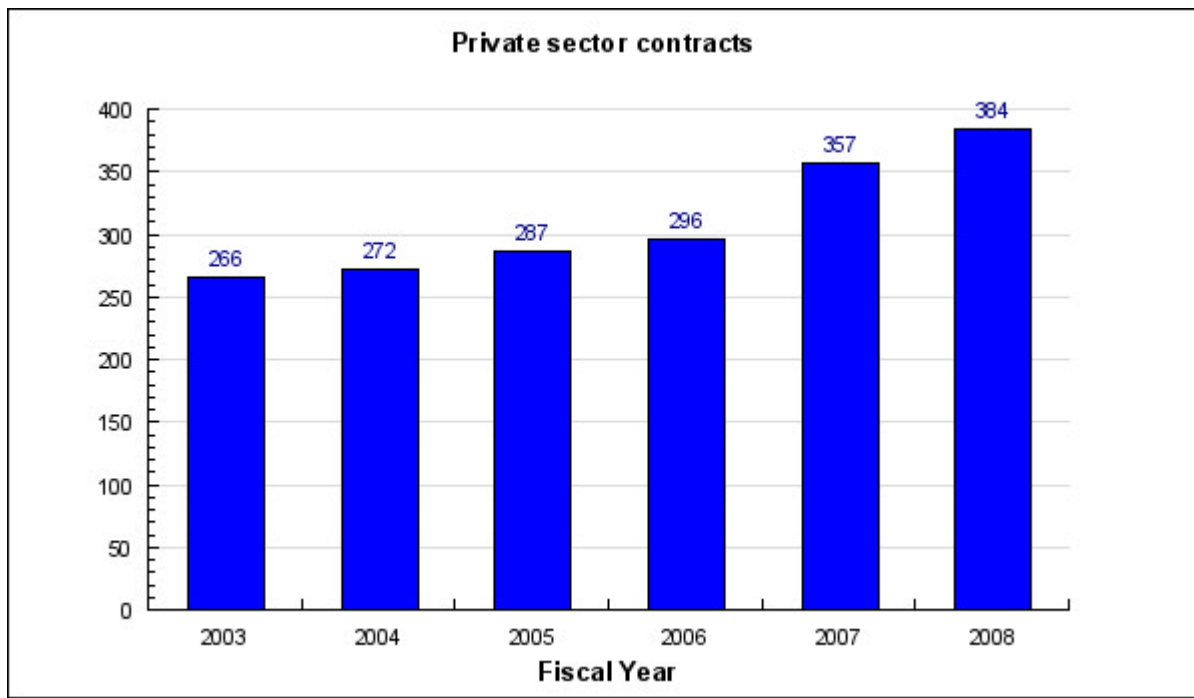
Fiscal Year	YTD Total
FY 2008	20,201,526 -6.31%
FY 2007	21,563,063, +4.28%
FY 2006	20,677,555 +5.02%
FY 2005	19,688,422 +5.05%
FY 2004	18,742,394 +2.04%
FY 2003	18,367,299

**Analysis of results and challenges:** Marketing continues to actively pursue additional cargo traffic through the Ted Stevens Anchorage International Airport (ANC). Future cargo activity will be mainly driven by the growth in the China air cargo market. All U.S. cargo carriers operating on this route have designated Anchorage as their U.S. departure point. We do, however, continue to face challenges from other airports attempting to draw our cargo traffic to other hubs by offering free landing fees and other incentives. Landed cargo weight is an industry benchmark for ranking airports. Since ANC is heavily dependent on cargo traffic for revenue generation, tracking this item is appropriate. ANC is the number 1 airport in the U.S. for landed weight of cargo aircraft and number 3 in the world for cargo throughput.

**E1: Strategy - Improve marketing efforts for private sector development.**

**Target #1:** Increase private sector contracts by 2% per year.

**Status #1:** The number of private sector contracts increased in FY2008 by 7.6% to a total of 384 contracts.



*Methodology: Measured by the number of active contracts included in the Leasing/Property subsystem.*



**Private sector contracts**

<b>Fiscal Year</b>	<b># of contracts</b>
FY 2008	384 +7.56%
FY 2007	357 +20.61%
FY 2006	296 +3.14%
FY 2005	287 +5.51%
FY 2004	272 +2.26%
FY 2003	266

**Analysis of results and challenges:** The Anchorage International Airport is a self-sustaining facility and in order to remain so, revenues need to increase by attracting new carriers, tenants, or other business activities at the airport. The airport markets space to potential customers as available (advertising in magazines, sending notices to potential customer lists). Growth, such as the new parking garage for rental car agencies, is making it more attractive for these customers to bring their business to the airport.

**Key RDU Challenges**

The closure of Kulis Air National Guard Base is going to have an airport wide impact. The Base has begun the closure process, and will be complete by calendar year 2011. The Anchorage International Airport (ANC) has been working on the impacts and issues for several months. With the Base closure, the Field and Equipment Maintenance Component will acquire an additional 31 road miles to maintain, plus grasslands, sidewalks, exterior roadway lighting and a Kulis taxiway. The Facilities Component will acquire over 20 buildings to maintain, requiring additional maintenance manpower. The Safety Component will acquire an additional fire station to man, requiring additional police and fire officers (8), a fire truck and police vehicle. The Administrative Component's Leasing Section will acquire over 130 acres of leasable land. All of these issues and operating cost projections are being worked on now.

The Agrium plant in Kenai, Alaska closed. All future purchases of deicing chemicals will be required to be shipped by barge, then train and finally trucked to Anchorage. This not only means that all chemical orders will have to be made during the spring for arrival before the winter season, but additional storage will be needed in case of unforeseen heavy snow or ice. Replacing urea with other deicing chemicals will be very expensive. The increased cost is projected to be as much as \$2.7 million per year. Two additional liquid deicer storage tanks are needed as soon as funding permits.

The A and B concourse South Terminal Seismic and Security Retrofit project requires extraordinary coordination and cooperation between the building/facilities maintenance staff, the airlines, concessionaires and traveling public. It requires flexibility and additional work for component personnel to accommodate moves, maintain existing equipment and facilities as well as train on and commission new equipment.

Efforts are needed to reduce fuel and power consumption in an attempt to minimize the increase in utility and services costs. Electricity, natural gas and water have all increased significantly over the past year and are expected to increase even further in 2009.

To ensure that the airport is maintained to the highest level of safety and proficiency requires a highly trained and qualified staff. It is becoming more and more difficult to recruit qualified equipment operators, mechanics, electricians, and airport police and fire fighters. A new equipment operator will take 2 to 3 seasons to become proficient with the specialized airport equipment and to be able to maneuver that equipment safely around the airport. It is also becoming more difficult to recruit qualified administrative staff, including engineers, leasing professionals and radio dispatch operators. The present state pay rate has not kept pace with the local economy.

Impacting all levels of airport management, staff and expenses is the continuing federal and state updates/changes to airport security requirements and guidelines. The administrative changes associated with responding to

nationwide political and economic concerns will occupy significant amounts of time, energy and resources throughout each budget year.

Although significant improvements were made toward the replacement of the aging Aircraft Rescue and Firefighting (ARFF) fleet, the Safety Component is only halfway to its goal of replacing the entire fleet. We still have three fire trucks that are almost 20 years old. These trucks have continual maintenance issues. Industry standards for replacing ARFF apparatus are 10 years for first line trucks, and 15 years for second response vehicles.

## Significant Changes in Results to be Delivered in FY2010

No significant changes are anticipated at this time.

## Major RDU Accomplishments in 2008

- The Environmental Section successfully closed out two historical contaminated sites from the airport, inherited from past tenants. In addition, 66 tons of cardboard, 10 tons of paper, 2 tons of lead acid batteries, 25 tons of scrap metals and 2,000 gallons of used oil was recycled from the airport and its tenants.
- The Public Relations Section coordinated an Airport Job Fair, with more than 700 people attending. Other public relations activities that staff participated and attended included: airport update at the Anchorage Chamber of Commerce; Lake Hood Users/Community Meetings; Airport Family Fun Day; 3<sup>rd</sup> Annual Customer Service Partnership Award Ceremony; quarterly Airport Stakeholder Meetings; Spenard, Turnagain and Sand Lake Community Council Meetings; presentation to the East Anchorage Rotary; helped establish the Sand Lake Community Council Airport Advisory Group to ensure ANC is engaged with its neighbors in Sand Lake area.
- A third bag claim carousel was installed and commissioned in the South Terminal for Alaska Airlines.
- The South Terminal Seismic and Security Retrofit Project, Concourse A was completed. Concourse B was closed to start Phase II of the Project.
- Roto-milled and repaved over 4,700 square feet of asphalt on Runway 7 R. This greatly reduced the FOD (foreign object debris) potential, as well as increased safety. This saved the state over \$450,000 if it would have been contracted out and reduced the amount of time the runway needed to be closed.
- Re-built two road grader transmissions at a cost of \$9,400. These transmissions were no longer available in the United States. New ones would have cost over \$ 86,000.
- Upgraded parking system equipment and efficiencies while increasing revenue for the 5<sup>th</sup> straight year.
- Organized General Aviation participation in proposed Lake Hood erosion control project.
- In order to provide initial training to all new hires, two sets of firefighter training academies (Firefighter I, Firefighter II, and Aircraft Rescue Firefighting) were held in the last year. Additionally, the new hires were sent to two sets of police academies as well. It also required more field training (required by the Alaska Police Standards Council) than Airport Police and Fire has ever provided before. These training requirements placed a severe strain on personnel and resources but Airport Police and Fire was able to overcome these significant obstacles.

### Contact Information

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**Ted Stevens Anchorage International Airport  
RDU Financial Summary by Component**

*All dollars shown in thousands*

	<b>FY2008 Actuals</b>				<b>FY2009 Management Plan</b>				<b>FY2010 Governor</b>			
	<b>General Funds</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>	<b>General Funds</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>	<b>General Funds</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>
<b>Formula Expenditures</b> None.												
<b>Non-Formula Expenditures</b>												
AIA	0.0	0.0	7,660.0	7,660.0	0.0	0.0	8,290.1	8,290.1	0.0	0.0	7,811.4	7,811.4
Administration												
AIA Facilities	0.0	0.0	17,491.6	17,491.6	0.0	0.0	19,757.7	19,757.7	0.0	0.0	19,750.4	19,750.4
AIA Field & Equipment Maint	0.0	0.0	12,731.3	12,731.3	0.0	0.0	13,283.4	13,283.4	0.0	0.0	12,071.7	12,071.7
AIA Operations	0.0	0.0	4,945.8	4,945.8	0.0	0.0	5,398.9	5,398.9	0.0	0.0	5,387.9	5,387.9
AIA Safety	0.0	629.7	8,016.2	8,645.9	0.0	2,459.1	8,652.5	11,111.6	0.0	2,484.4	8,575.0	11,059.4
<b>Totals</b>	<b>0.0</b>	<b>629.7</b>	<b>50,844.9</b>	<b>51,474.6</b>	<b>0.0</b>	<b>2,459.1</b>	<b>55,382.6</b>	<b>57,841.7</b>	<b>0.0</b>	<b>2,484.4</b>	<b>53,596.4</b>	<b>56,080.8</b>

**Ted Stevens Anchorage International Airport  
Summary of RDU Budget Changes by Component  
From FY2009 Management Plan to FY2010 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2009 Management Plan</b>	<b>0.0</b>	<b>2,459.1</b>	<b>55,382.6</b>	<b>57,841.7</b>
<b>Adjustments which will continue current level of service:</b>				
-AIA Administration	0.0	0.0	-149.5	-149.5
-AIA Facilities	0.0	0.0	792.7	792.7
-AIA Field & Equipment Maint	0.0	0.0	-811.7	-811.7
-AIA Operations	0.0	0.0	69.0	69.0
-AIA Safety	0.0	25.3	176.5	201.8
<b>Proposed budget decreases:</b>				
-AIA Administration	0.0	0.0	-329.2	-329.2
-AIA Facilities	0.0	0.0	-800.0	-800.0
-AIA Field & Equipment Maint	0.0	0.0	-400.0	-400.0
-AIA Operations	0.0	0.0	-80.0	-80.0
-AIA Safety	0.0	0.0	-254.0	-254.0
<b>FY2010 Governor</b>	<b>0.0</b>	<b>2,484.4</b>	<b>53,596.4</b>	<b>56,080.8</b>